country has acquired during the two and a half years in which it, in the position of a neutral, was able to sell its produce at highly satisfactory prices to the warring powers without itself having to incur any of the expenses of war. On the other hand, its great distance from the actual seat of operations will naturally make it difficult for the American Government to impose taxation as freely as might have been done in the case of peoples which are actually on the scene of warfare; so that it is hardly safe to count on American example to improve the standard of war finance which has been so lamentably low in Europe in the course of the present war. According to their original estimates the proportion of war cost borne out of taxation seems to have been on very much the same level as ours, and this has all through the war been very much lower than the results achieved by our ancestors at the time of the Napoleonic and Crimean wars.

On this point the proportion of our expenditure, which has been borne out of revenue, the Chancellor stated that up to the end of last financial year, March 31, 1918, the proportion of total expenditure borne out of revenue was 26*3 per cent. On the estimates which he submitted to the House in his Budget speech on April 22nd, the proportion of total expenditure met out of revenue during the current

financial year will be 28*3 per cent., and the proportion calculated over the whole period to the end of the current year will be 26*9 per cent. These proportions, however, are between total revenue and total expenditure during the war period. The